

## SUMMARY OF BUSINESS OPPORTUNITY

This summary provides a synopsis of the key elements of the National Park Service ("Service") Draft Concession Contract CC-DENA001-16 ("Draft Contract"), which will authorize the operation of transportation, bus tour, retail, food and beverage, camping and other services within Denali National Park and Preserve.

### Overview of Concession Services to be Required and Authorized

A summary of Required and Authorized concession services under the Draft Contract is provided in Exhibit S-1 (refer to the full Business Opportunity to more information concerning these services).

**Exhibit S-1. Required and Authorized Services in the Draft Contract**

Required	Location
Transportation	Transit to and from all locations along the park road, Short Tours and Long Tours to specific destinations along the park road, Front Country Courtesy Shuttles to locations east of mile 15, Chartered transportation to locations along the park road.
Retail	Riley Creek Mercantile and Wilderness Access Center
Food and Beverage	Morino Grill, Wilderness Access Center, Bus Tours, and Murie Dining Hall
ATM	Morino Grill
Camping	Riley Creek, Savage River, Sanctuary, Teklanika and Igloo Creek
Laundry and Showers	Riley Creek Mercantile
RV/Trailer Dump Station	Riley Creek Mercantile
Towing and Other Repairs	Park Road
Baggage Storage	Baggage Claim building across from Alaska Railroad Depot
Wi-Fi	Morino Grill, Riley Creek Mercantile, Wilderness Access Center,
Authorized	Location
Transportation (Winter)	Denali Park Road to Mile 13
Special Events	Murie Dining Hall
Limited Garage Services	Concession Maintenance Facilities
ATM	Service approved locations
Equipment Rental	Riley Creek Mercantile and Wilderness Access Center
Retail	Morino Grill

Source: National Park Service

### Historical Revenue and Franchise Fee (Existing Concessioner)

Exhibit S-2 presents total concession gross receipts from 2010 to 2012.

**Exhibit S-2. Park Concession Historical Gross Receipts**

	2010	2011	2012
Total Revenue	\$20,235,569	\$21,138,178	\$22,359,939

Source: National Park Service



### Future Revenue and Utilization Projections

Exhibit S-3 presents departmental revenue projections for the first year (2016) of the Draft Contract period.

**Exhibit S-3. Projected Revenue by Department, 2016**

Department	Projected Range
Transportation	\$16,000,000 - \$20,000,000
Food and Beverage	\$820,000 - \$1,020,000
Retail	\$650,000 - \$830,000
Camping	\$460,000 - \$540,000
Vehicle Support	\$110,000 - \$130,000
Baggage Claim	\$20,000 - \$30,000
<b>Total Revenue</b>	<b>\$18,060,000 - \$22,550,000</b>

Source: National Park Service

### Estimate of Initial Investment

Exhibit S-4 summarizes the estimated required initial investment by the Concessioner in 2016 dollars which is projected to be between \$23,218,370 and \$23,918,370 and includes the purchase of existing Leaseholder Surrender Interest, personal property, inventory, start-up costs, deferred maintenance, and working capital investment.

**Exhibit S-4. Estimated Initial Investment**

Item	Estimated Amount (2015 Dollars)
Leasehold Surrender Interest	\$4,320,370
Purchase of Personal Property	\$13,301,000
Inventory Investment	\$482,000
Deferred Maintenance (cured over two years)	\$356,000
Start-up Costs	\$817,000
Working Capital	\$817,000
CFIP (1/2 of total cost)	\$3,125,000, -\$3,825,000
<b>TOTAL</b>	<b>\$23,218,370 - \$23,918,370</b>

Source: National Park Service

### Leasehold Surrender Interest

Under the Existing Contract, the Concessioner must purchase the existing Leasehold Surrender Interest (LSI), which is defined in Exhibit A of the Existing Contract. The amount of determined existing LSI is \$4,320,370.

The Concessioner may obtain additional LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. The Service estimates the total value of the Concessioner's LSI upon completion of the required Concession Facilities Improvement Program as described above and other contract requirements at \$10,666,000. Upon contract termination or expiration, the Concessioner is entitled to compensation for its LSI as provided by the Draft Contract. During the term of the Draft Contract, the Service may extinguish LSI in part or whole by payment of its value to the Concessioner.



The Draft Contract provides that the Concessioner's Leasehold Surrender Interest will be valued according to straight-line depreciation formula for calculating LSI.

### Personal Property and Inventory

The estimated value of Personal Property the Concessioner must acquire is approximately \$13.3 million in 2016 dollars. Appendix H to this Prospectus contains a list of personal property owned by the Existing Concessioner. The cost of the minimum fleet of 98 buses is estimated to be \$11,897,000 and the cost of the other personal property is approximately \$1.1 million.

Pursuant to Amendment 5 to the Existing Contract, the Concessioner must purchase certain personal property from the Existing Concessioner including a portion of the bus fleet and generally, kitchen equipment. Appendix C to this Prospectus contains Amendment 5. Amendment 5 lists the buses and personal property. The list includes 77 buses (representing nearly three quarters of the current fleet of 98 buses). The estimated purchase price is \$8.22 million. The personal property listed in the amendment is \$212,000. Offerors should review Amendment 5 carefully to understand the scope of property subject to this required acquisition.

The Concessioner must obtain an additional 21 buses to maintain the minimum fleet size of 98 buses. The Service estimates the cost of buying 21 new buses at approximately \$3.675 million. The Concessioner need not buy all new buses. The 21 buses could be a combination of new and used buses, or all used buses. While the Concessioner will have some flexibility in determining the exact number and types of vehicles used to provide transportation services, each bus must meet the specific requirements and guidelines specified in the Draft Contract, section 6 (J and K) of Exhibit B - Operating Plan.

### Concession Facilities Improvement Program

The Draft Contract requires the Concessioner to undertake and complete a real property improvement program hereinafter referred to as the Concession Facilities Improvement Program (CFIP) costing no less than \$6,250,000 and no more than \$7,650,000 in 2016 dollars (adjusted based on average CPI rates of 2.4% annually) with a target completion by May 1, 2018. The Service believes not all elements of the CFIP are eligible for LSI. The Service estimates that at least \$1,900,000 of the items in the Class C estimates will not be eligible for LSI. This estimate includes the automated bus wash machinery and other personal property needed to make the structures functional.

**Exhibit S-5. Class C Estimate for CFIPs**

Description	Net Construction Cost Estimate Range (\$2016)
Food and Beverage Storage and Receiving Facility (Commissary)	\$2,000,000 - \$2,400,000
Automotive Storage and Receiving	\$1,350,000 - \$1,650,000
Automated Bus Wash System	\$2,900,000 - \$3,600,000

Source: National Park Service

### Repair and Maintenance Reserve

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to be used for non-recurring repair and maintenance projects. The Repair and Maintenance Reserve will be **zero point four percent (0.4%)** of gross receipts per year.

### Franchise Fee



The minimum franchise fee will be equal to **eleven percent (11.0%)** of the Concessioner's annual gross receipts for the preceding year. Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in Part III of this Prospectus).

### **Preferred Offeror Determination**

The Director of the Service has determined that no Preferred Offeror for this Draft Contract exists pursuant to the terms of 36 CFR Part 51. The Alaska National Interest Lands Conservation Act (ANILCA), Section 1307 (16 U.S.C. 3197) includes provisions concerning persons, corporations and or other legally recognized entities who are to be given special rights and preferences with respect to providing commercial visitor services in conservation system units in Alaska . Please refer to the Proposal Instructions Section 7 and Section 9 and the Proposal Package in Part IV of this Prospectus for more information concerning ANILCA preferences.

### **Contract Term**

The Draft Contract is for a term of ten (10) years beginning on its effective date: January 1, 2016.

### **Site Visit**

A site visit of the concession operation along with a tour of Concession Facilities associated with the Draft Contract occurred on September 3-4, 2014. No additional site visit will be held. For additional information, please contact Jim LeBel, Concession Management Specialist at Denali National Park, at (907) 683-6390 or email him at [Jim\\_LeBel@nps.gov](mailto:Jim_LeBel@nps.gov).

